

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 10/1/2010

GAIN Report Number:

Peru

Post: Lima

Update

Report Categories:

Bio-Fuels

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Report Highlights:

Peru delays mandatory inclusion of ethanol in gasoline until June 1, 2011

General Information:

On September 28, 2010, the government of Peru published Supreme Decree 061-2010-EM establishing a new schedule for enforcing the 7.8 percent ethanol inclusion in gasoline. The highlight of this new schedule is that it postpones until June 1, 2011 mandatory ethanol inclusion in the Region of Lima which is about 60 percent of the market. Originally Lima was supposed to come on line in January 2010, and then it was delayed to October 1, 2010.

Apparently this Decree was an initiative of Minister of Environment Brack who believes there is not enough local ethanol production to meet demand and does not want to force imports. However, producers have argued that there is a plenty of local production and meeting the rising demand will not be a problem. Moreover, the Peruvian business association (Sociedad Nacional de Industrias) have questioned Brack's proposal, explaining that this measure would delay already planned investment valued at around \$1 billion.

As reported in the 2010 biofuels report, Post believes there is enough ethanol production to satisfy demand generated in Lima. At the same time Post assessment on investment commitments in ethanol is around \$300 million for the next two years, much less than what SNI claims.